

## Office of Foreign Assets Control, Treasury

## § 586.201

### Subpart F—Reports

586.601 Records and reports.

### Subpart G—Penalties

586.701 Penalties.

586.702 Prepenalty notice.

586.703 Response to prepenalty notice; informal settlement.

586.704 Penalty imposition or withdrawal.

586.705 Administrative collection; referral to United States Department of Justice.

### Subpart H—Procedures

586.801 Procedures.

586.802 Delegation by the Secretary of the Treasury.

### Subpart I—Paperwork Reduction Act

586.901 Paperwork Reduction Act notice.

AUTHORITY: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; E.O. 13088, 63 FR 32109, 3 CFR, 98 Comp., p. 191; E.O. 13121, 64 FR 24021, 3 CFR, 99 Comp. p. 176; E.O. 13192, 66 FR 7379, January 23, 2001.

SOURCE: 63 FR 54576, Oct. 13, 1998, unless otherwise noted.

## Subpart A—Relation of This Part to Other Laws and Regulations

### § 586.101 Relation of this part to other laws and regulations.

(a) This part is separate from, and independent of, the other parts of this chapter with the exception of part 501 of this chapter, the recordkeeping and reporting requirements and license application and other procedures of which apply to this part. Actions pursuant to part 501 of this chapter with respect to the prohibitions of this part are considered actions pursuant to this part. Differing foreign policy and national security contexts may result in differing interpretations of similar language among the parts of this chapter. No license or authorization contained in or issued pursuant to those other parts authorizes any transaction prohibited by this part. No license or authorization contained in or issued pursuant to any other provision of law or regulation authorizes any transaction prohibited by this part.

(b) No license or authorization contained in or issued pursuant to this part relieves the involved parties from

complying with any other applicable laws or regulations.

### Subpart B—Prohibitions

#### § 586.201 Prohibited transactions involving blocked property.

(a) Except as authorized by regulations, orders, directives, rulings, instructions, licenses, or otherwise, no property or interests in property of the Governments of the FRY (S&M), the Republic of Serbia, and the Republic of Montenegro, that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of U.S. persons, including their overseas branches, may be transferred, paid, exported, withdrawn or otherwise dealt in.

NOTE TO PARAGRAPH (a) OF § 586.201: See note at end of this section with regard to the lifting of certain sanctions effective January 19, 2001.

(b) The blocking of property and property interests in paragraph (a) of this section includes the prohibition of financial transactions with, including trade financing for, the Governments of the FRY (S&M), the Republic of Serbia, and the Republic of Montenegro by United States persons.

NOTE TO PARAGRAPH (b) OF § 586.201: See note at end of this section with regard to the lifting of certain sanctions effective January 19, 2001.

(c) Property or interests in property blocked pursuant to Executive Order 13088 of June 9, 1998, as amended by Executive Order 13121 of April 30, 1999, and this part prior to 12:01 a.m. eastern standard time, January 19, 2001, are blocked, and may not be transferred, paid, exported or otherwise dealt in except as otherwise authorized by the Secretary of the Treasury.

NOTE TO PARAGRAPH (c) OF § 586.201: See note at end of this section with regard to the lifting of certain sanctions effective January 19, 2001.

(d) Unless otherwise authorized by this part or by a specific license expressly referring to this section, the transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of, or

the endorsement or guaranty of signatures on, or otherwise dealing in any security (or evidence thereof) registered or inscribed in the name of the Governments of the FRY (S&M), the Republic of Serbia, and the Republic of Montenegro, and held within the possession or control of a U.S. person is prohibited, irrespective of the fact that at any time (either prior to, on, or subsequent to the effective date) the registered or inscribed owner thereof may have, or appears to have, assigned, transferred, or otherwise disposed of any such security.

NOTE TO PARAGRAPH (d) OF § 586.201: *See* note at end of this section with regard to the lifting of certain sanctions effective January 19, 2001.

(e) When a transaction results in the blocking of funds at a financial institution pursuant to this section and a party to the transaction believes the funds have been blocked due to mistaken identity, that party may seek to have such funds unblocked pursuant to the administrative procedures set forth in § 501.806 of this chapter.

NOTE TO § 586.201: Section 1(a) of Executive Order 13192 of January 17, 2001 (66 FR 7379, January 23, 2001), amended Executive Order 13088 of June 9, 1998 (63 FR 32109, June 12, 1998), to remove prospectively the prohibition on transactions that involve blocked property and interests in property of the Governments of the FRY(S&M), the Republic of Serbia, and the Republic of Montenegro. Consequently, with the exception of transactions involving property or interests in property of persons designated in or pursuant to 31 CFR § 587.201(a), transactions or transfers by U.S. persons that involve the property or interests in property of the FRY(S&M) and that occur on or after January 19, 2001, are not prohibited by §§ 586.201(a), (b), or (d). Executive Order 13088, as amended by Executive Order 13192, however, also requires that all property or interests in property blocked pursuant to Executive Order 13088 prior to January 19, 2001, shall remain blocked, except as otherwise authorized by the Secretary of the Treasury. See § 586.201(c). The continued blocking of previously blocked property is necessary until provision is made to address claims or encumbrances with respect to such property.

[63 FR 54576, Oct. 13, 1998, as amended at 66 FR 50509, Oct. 3, 2001]

**§ 586.202 Effect of transfers violating the provisions of this part.**

(a) Any transfer after the effective date which is in violation of any provision of this part or of any regulation, order, directive, ruling, instruction, license, or other authorization issued pursuant to this part and involves any property or interest in property blocked pursuant to § 586.201 is null and void and shall not be the basis for the assertion or recognition of any interest in or right, remedy, power or privilege with respect to such property or property interests.

(b) No transfer before the effective date shall be the basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or interest in, any property or interest in property blocked pursuant to § 586.201, unless the person with whom such property is held or maintained, prior to such date, had written notice of the transfer or by any written evidence had recognized such transfer.

(c) Unless otherwise provided, an appropriate license or other authorization issued by or pursuant to the direction or authorization of the Director of the Office of Foreign Assets Control before, during, or after a transfer shall validate such transfer or render it enforceable to the same extent that it would be valid or enforceable but for the provisions of the International Emergency Economic Powers Act, this part, and any regulation, order, directive, ruling, instruction, or license issued pursuant to this part.

(d) Transfers of property which otherwise would be null and void or unenforceable by virtue of the provisions of this section shall not be deemed to be null and void or unenforceable as to any person with whom such property was held or maintained (and as to such person only) in cases in which such person is able to establish to the satisfaction of the Director of the Office of Foreign Assets Control each of the following:

- (1) Such transfer did not represent a willful violation of the provisions of this part by the person with whom such property was held or maintained;
- (2) The person with whom such property was held or maintained did not